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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

COUNTRY China

SUBJECT Communist Methods in Gaining Control

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1. In 1949 when the Communist army moved into the Wuhan area which included the cities of Hankow, Hanyang and Wuchang, they immediately issued a proclamation of the liberation in which they stated that rights to property and individual rights of citizens would be respected.
2. In fact this proclamation and the propaganda accompanying it was so convincing that a [redacted] manager of a cotton mill [redacted] who had escaped to Hong Kong, was persuaded to return and operate his mill.
3. A census was taken, about three months after the army took over, which included an inventory of all property real and personal in the Wuhan area. A survey was made to establish the boundaries of each plot of land in the area. The inventory covered the number and size of rooms in each building and data on the material of which it was built. In case of farms the inventory covered each item of equipment, as well as farm products on hand and in shops or plants, in addition to equipment, the amount of raw, process and finished materials on hand.
4. Early in 1950, I do not recall the exact month, using this census as a base, a start was made in the activity of distributing property or its use among the people.
5. [redacted] we had more rooms in the [redacted] buildings than were to be allowed to the number of people [redacted] the rooms above this number would from that day on be occupied by soldiers. Later, exactly this same treatment was extended to other buildings in the Wuhan area, [redacted] The soldiers living at the mission obtained their meals at a commissary a few blocks away.

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6. A land owner's house was taken over by the government when it was abandoned because the land owner went to jail or when he was unable to pay the taxes assessed against it. Such houses were turned over to one of the local commissars as a residence, converted into a school building or some other government sponsored activity.
7. About the same time a start was made in the distribution of farmlands. At first the small farms owned by the farmers operating them were not disturbed but the large farms were confiscated by the government. If the owner was willing to work the area to which he was entitled he was allowed to do so. The areas in ricelands amounted to $\frac{1}{2}$ acre per family member. If the owner would not work as a farmer, but could satisfy the police commission on the question of Communism, he could obtain another type of job. If he could not he was put into jail.
8. At approximately this same time all debts were cancelled by the government proclamation.
9. A rice farmer paid $\frac{1}{3}$ of his annual crop to the government for taxes. This is about the equivalent of what he formerly paid in rent to the landowner.
10. A government representative dictated to the farmer what he was to plant, collected the tax in kind at the farm, and purchased any part of the crop which the farmer was in position to sell. He then transported it to a storage point.
11. During the first two or three years of government control of crops to be planted, tobacco growers were forced to abandon the planting of tobacco in this area and substitute wheat, corn or cotton as directed. During 1953 the growth of tobacco was resumed because the Communists found it to be a desirable export crop.
12. In China all tobacco leaf is oven dried. Before the Communists took over this drying was handled by the owner of the land who had the necessary equipment near his home. During the period when tobacco was not being grown, the drying ovens which were not damaged during World War II, became inoperable because of lack of care. After planting was resumed, cooperative arrangements were set up under government supervision so that groups of approximately 15 farmers built and jointly operated their own drying units.
13. [REDACTED] a movement was under way to combine small food farms into cooperatives to be worked jointly by the owners, as the very small farms established on the basis of allowing only $\frac{1}{2}$ acre per person had failed through inefficient operation.
14. Granaries have been constructed at strategic points throughout the Wuhan area. All farm products in excess of those used by the farmer's family are taken to these granaries and from there distributed to food processing or selling organizations.
15. All workers in the country were organized into unions under the supervision of the police department. The activities of these union were directed in such a way as to carry out the Communist program so as to permit the authorities to accomplish their ends without laying themselves open to criticism of unfairness.
16. The cotton mill manager mentioned in paragraph two, about six months after he resumed operation of the plant, found himself up against three unanticipated conditions: several Communists with cotton mill experience were assigned to work in his plant and he was compelled to break these men in on all phases of its operation; his tax assessments were increased considerably; and the union demanded higher wages, stopped work for an hour at a time to hold meetings in the shop, and laid off half days at a time to attend Communist meetings in town.

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These conditions prevented him from making a profit, and when he was unable to pay his taxes he was sent to jail. The management of the plant was turned over to the Communists whom he had trained, and he was later convicted of Capitalism and executed.

17. Large bakery organizations in Hankow went through exactly the same experience. They were forced to raise wages, but operated at a loss as long as their assets held out. When they were unable to pay the taxes the plants were confiscated. The owners of large bakeries were unable to pay taxes on their homes after the loss of their industries and were then handled in exactly the same way as the large land owners.

18. Small bakeries operated by a family, when no union men were employed, were not molested and as far as I know still continue in business.

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22. The physicians, technicians and laboratory experts [redacted] are continuing their work under compulsion and are not permitted to leave the country. Chinese graduates have been assigned to work with them in the hospitals and will be able to take over the work in the not too distant future.

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23. There are quite a few, I have no idea how many, Soviet technicians in the Wuhan area but they keep pretty well to themselves. They are not seen on the streets and they take the position of being the power behind the throne rather than that of direct activity in connection with various types of operations.

24. As an illustration there are Soviet men at the nearby airfield who are teaching the Chinese to operate and maintain airplanes. There are also Soviet technicians to whom the Government Industrial Operating Committee refers for advice, suggestions, and assistance.

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25. [redacted] no opportunity whatever to obtain any information on the organization of the Communist government set-up. I know there is an industrial commission and farm commission, etc but I do not know how the functions of these commissions are divided, how the manpower is selected, or whether or not they receive orders from higher authority.

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